

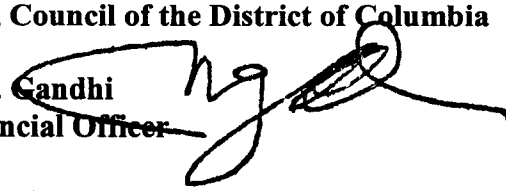
**Government of the District of Columbia
Office of the Chief Financial Officer**



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: APR 20 2009

SUBJECT: Fiscal Impact Statement – “Eligibility Criteria Amendment for the HealthCare Alliance Program Approval Resolution of 2009”

REFERENCE: DRAFT- No resolution number

Conclusion

Funds are sufficient in the FY 2009 budget and the proposed FY 2010 through FY 2013 budget and financial plan to implement the provisions of the proposed resolution.

Background

The proposed resolution would approve the rulemaking¹ to amend the eligibility requirements of the D.C. HealthCare Alliance (“Alliance”) program to exclude individuals who have third party insurance, including Medicare, from enrollment in the Alliance program. Specifically, the proposed legislation would amend Section 3304.2 (Eligibility Criteria Effective June 1, 2006) of Chapter 33 (Health Care Safety Net Administration) of Title 22 (Public Health and Medicine) of the District of Columbia Municipal Regulations.

The Alliance program was designed to act as a safety net for low-income D.C. residents not eligible for Medicaid.² It currently provides health benefits for more than 45,000 such

¹ Pursuant to Section 7a of the Health Care Privatization Act of 2001, effective July 12, 2001 (D.C. Law 14-18; D.C. Official Code § 7-1405.01), as amended.

² Currently eligibility is limited to residents of the District of Columbia who are not eligible for Medicaid and who live in households: (a) with a countable income of less than 200 percent of the Federal Poverty Level; and (b) with countable resources less than \$ 4,000 (or \$ 6,000 if the individual lives with a spouse or cares for a child who is residing in the home).

individuals. The proposed rules would exclude residents that have third party insurance, including Medicare, from enrollment, as they have means to access other health care.

Financial Plan Impact

Funds are sufficient in the FY 2009 budget and the proposed FY 2010 through FY 2013 budget and financial plan to implement the provisions of the proposed resolution. Excluding individuals with third party insurance, including Medicare, from enrolling in the Alliance program would result in estimated savings of \$457,433 for FY 2009 and \$8,155,226 for the FY 2009 through FY 2013 period.

Fiscal Impact of Change in Eligibility Requirements for the Alliance Program						
	FY 2009^c	FY 2010	FY 2011	FY 2012	FY 2013	Five Year Total
Members with Medicare Coverage ^a	\$320,045	\$1,306,850	\$1,333,416	\$1,361,195	\$1,388,880	\$5,710,385
Members with Other Third Party Insurance ^b	\$137,388	\$561,003	\$570,814	\$582,706	\$592,930	\$2,444,841
Total Savings	\$457,433	\$1,867,853	\$1,904,230	\$1,943,901	\$1,981,809	\$8,155,226

Source: The Department of Health Care Finance provided capitation rates and data on coverage, which was obtained from the Modernization of Medicaid Information System.

^a There are 468 members with Medicare: 213 women and 255 men.

^b There are 252 members with other third party insurance: 143 women and 109 men.

^c FY 2009 capitation rates are based on a weighted average of contracted rates. Contract term is 5/1/09 - 4/30/10.

Assumptions

- The resolution takes effect on July 1, 2009, so that there are 3 months of savings in FY 2009.
- Number of members with Medicare or other third party insurance is assumed to be constant over time.
- FY 2010 capitation rates are based on 7 months of current FY 2009 contract and 5 months of future contract with 5 percent projected rate increase. FY 2010 through FY 2013 rates are calculated using this same formula.